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ROYAL COMMISSION ON TRANSPORTATION

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MEMORANDUM

OF

ONTARIO MOTOR TRUCK OWNERS' ASSOCIATION

Toronto

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Submitted by

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Secretary of the Association

sub. 4. & Proposed Acknowledgment

A.J.C.

ROYAL COMMISSION ON TRANSPORTATION

MEMORANDUM OF ONTARIO MOTOR TRUCK OWNERS' ASSOCIATION

As was explained by our representative at the first public session of the Commission on September 16th. the Ontario Motor Truck Owners' Association, organized in 1919, operates as a branch of the Ontario Motor League and endeavours to serve the interests of motor truck owners in much the same manner as the interests of passenger car owners have been advanced by the League since its formation in 1907.

The Association is primarily concerned with measures of taxation and regulation affecting motor truck owners generally, leaving to other representative and specialized organizations questions pertaining exclusively to those particular forms of highway transport which are carried on by individuals or concerns operating for profit, as common or contract carriers.

The Ontario Motor Truck Owners' Association therefore is chiefly concerned in such laws and taxes as may apply to motor trucks operated "in a business" as distinct from motor trucks operated "as a business".

From the Order of Reference it appears that the present inquiry is to be directed mainly to questions "pertaining to or affecting persons or corporations engaged in the business and operation of transporting freight and passengers by motor vehicles, for gain". But it also appears that some study may be made of the transport of goods by privately owned motor trucks, not for gain, and that attention may be directed to the general incidence of taxation upon all motor vehicles. These latter questions vitally concern the Ontario Motor Truck Owners' Association, and in the event that they may be examined by the Commission, we wish to make representations for which we would bespeak most careful consideration.

The great value of good roads is now universally recognized. Every progressive Country is today engaged in highway improvement work on an extensive scale. Motor vehicle use and road development are making rapid progress throughout the World. Ontario's highway system ranks as one of the chief assets of the Province both as a public utility and as a revenue producer. Together the roads, motor vehicles and motor vehicle service facilities represent a billion dollar investment by the people of the Province in the most mobile, flexible and individual of all forms of transportation.

The road user is not the sole beneficiary of the modern highway. The benefits to agriculture, trade and industry, and the social and economic advantages accruing to the entire community are generally recognized. The modern highway is both a business builder and a revenue producer.

It is for this reason that motor vehicle owners, while willing to bear a reasonable proportion of costs of construction and maintenance take strong exception to being taxed to the full extent of the expenditure on highways.

Opinions may vary as to what constitutes a fair share of road costs chargeable to road users but it is of interest to note that the Royal Commission on Railways and Transportation which was appointed in Canada in 1931, in considering the taxation of motor vehicles in relation to highway improvement reached the decision that 66 per cent. was an equitable proportion. In this respect the finding of the Commission coincides with the two-thirds proportion of charges which the Royal Commission on Transport of Great Britain, in 1930, set as a fair proportion for highway users to pay.

In this Province, motor vehicle owners have been paying considerably in excess of 66 per cent. of the amount expended by the Province on Highways. Our Association has long contended that taxes on motor trucks have been on too high a level and it was in recognition of an excessive burden that the recent car and truck license tax reductions were made by the Ontario Government and that still further reductions have been forecast by the Prime Minister.

Approximately 250 million dollars have been collected by the Province from motor vehicle sources; 130 million in gas tax since it was first applied in 1925 and 120 million in registration and miscellaneous fees since 1903.

In the six years 1930-35 inclusive the total revenue of the Province from motor vehicles was, in round figures, \$120,000,000.00, while in the same period the net outlay of the Province on highway construction and maintenance was approximately \$98,000,000.00. In these six years therefore about \$22,000,000.00 more than the net Provincial cost of highway improvement was collected in taxes from motor vehicle owners.

Even with the increased Provincial expenditure on highways during the present year for which figures are not as yet available, there can be little doubt but what motor vehicle revenues from 1930 to date, exceed Provincial road costs for the same period.

It appears therefore that motor vehicle owners have for at least the last eight years been bearing the entire cost to the Provincial Government of Highway improvement and maintenance.

Interest charges on the Provincial Highway debt have not been included in the road expenditures compared with revenues from motor vehicle sources.

This is for the reason that had these revenues been fully and directly applied to road construction and maintenance from the beginning, the highway debt today would have been of but small proportions. In considering the net cost of highway improvement in relation to highway revenues in Ontario, credit for the full amount collected from motor vehicle owners in registration fees and gasoline taxes should be given on the basis of applying all annual revenues as received to annual construction and maintenance expenditures. Not to do so is to charge the highway costs twice over to the road user.

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In estimating the value to the Province as a whole of the good roads system one of the chief factors to be considered is motor tourist traffic from the United States and other Provinces.

When the Province of Ontario was about to embark on a plan of highway improvement in 1916, the Secretary of State for New York State, the Honorable Francis M. Hugo, addressing the Annual Meeting of the members of the Ontario Motor League in Toronto in that year said - "Go ahead and build your paved highways, and we Americans will come over and pay for them".

His words were prophetic and the prophecy has since been literally fulfilled. The expenditure in this Country by motor tourists entering Canada through Ontario ports of entry since 1920 has been estimated at \$11,300,000,000.00 on the basis of reports compiled by the Dominion Bureau of Statistics. In the six years 1930 - 1935, while Ontario was spending \$98,000,000.00 on roads, United States motor tourists entering Canada by Ontario ports were spending \$486,000,000.00 on this side of the international boundary. This represents a five dollar tourist expenditure for every dollar spent on roads in that six year period. In the same six year period the expenditure by motor tourists entering Ontario greatly exceeded the total value of the gold produced by Ontario's great mining industry. This was during the worst years of the economic depression. All the money and more which the Province had spent on road improvement for decades was returned to the people of Ontario at a time when they stood most in need of ready cash. Ontario's system of main highways has been a most profitable channel of investment. The cost of construction for some years past has been met by revenues from motor vehicles, dollar for dollar and in addition to all other benefits motor tourist traffic has returned five dollars for each dollar expended.

Among other benefits to the Province from road expenditures one which should not be overlooked is the employment which was given to thousands of men in road building who would otherwise have been out of work and on the relief rolls during the depression period. The \$98,000,000.00 spent by the Province on roads in the six years 1930-35 undoubtedly saved the taxpayers many millions in relief charges and put into circulation money which helped to sustain business generally during a very trying period.

On the basis of 1936 returns, commercial motor vehicles constituted 12 per cent. of total registrations but yielded 26% of fees collected.

The average registration tax paid on commercial motor vehicles in 1936 was \$40.00. Estimating the annual gasoline consumption at an average of 1,000 gallons per truck - (X) - \$60.00 in gasoline tax at the prevailing rate of six cents per gallon, added to the \$40.00 license tax, gives an average total annual tax per truck of \$100.00. On this basis the revenue derived by the Province from motor truck operation in 1936 was approximately \$7,000,000.00 out of a total of \$27,000,000.00 from all motor vehicle sources. An amount of \$7,000,000.00 yearly would be sufficient to meet the annual cost of maintenance of all the highways in the Province on the basis of 1935 expenditures. Accepting these figures, it cannot be said that the motor truck is not paying its way.

NOTE: (X) The Automobile Manufacturers Association of the United States places the consumption of gasoline by motor trucks at an average of 1,200 American gallons per annum. This would be the equivalent of 1,000 Canadian gallons, making allowance for the larger measure used in this country. Some time ago reports received from our members covering 281 motor trucks showed an annual consumption of 1,415 gallons per vehicle. The average for some classes of vehicles would be much higher and others lower.

It must be kept in mind also that there are many thousands of motor vehicles which make little if any use of highways outside of urban municipalities. There are large fleets of trucks being operated in Toronto and other cities by business concerns, which are solely engaged in making deliveries to local customers. In fact the great majority of commercial motor vehicles make but little use of interurban highways.

Improvements made in motor truck design and equipment during recent years have done much to reduce road wear and tear, especially the general use of pneumatic tires of increased cushioning capacity.

A study made by the Bureau of Public Roads of the Department of Agriculture of the United States Government, conclusively proved that commercial vehicles with pneumatic tires do little more damage to highways than do seven-passenger automobiles. The Bureau demonstrated that the average thickness of slab required for the support of the wheel load and impact of a seven-and-a-half ton truck equipped with pneumatic tires and operated at a speed of 30 miles an hour over a standard smooth surfaced road, would be approximately 15 per cent. greater than the minimum practicable thickness that would be required for traffic of seven-passenger automobiles.

We would respectfully direct the attention of the Commission to the Bill providing for the establishment of a Board of Transport which was before the Senate of Canada during the last Session of Parliament. This Bill, while withdrawn, it is understood is to be reintroduced at the next Session. Reference is made to this Bill, against which our Association entered a strong protest, because in the opinion of our Executive its effect would be to confer on the proposed Transport Board powers which would conflict with the authority of the Province of Ontario in controlling and regulating the use of Ontario Highways by motor vehicles. It would introduce a duplication of regulatory measures which would mean added expense and inconvenience to motor vehicle owners.

We are strongly of the opinion that the full control of motor vehicle traffic in this Province should remain vested in the Department of Highways.

We feel that the Commission should give careful consideration to the recommendations of the Dominion-Provincial Conference of 1935 as contained in the report of the Committee on Tourist Traffic and Transportation, dealing with the regulation of Motor Truck Traffic by the Provinces. These recommendations, if carried out, would go far towards solving the problems of Highway Transportation which are the subject of that part of the Senate Bill "B" which pertains to Highway Traffic, and would give effect to the recommendations of the Royal Commission of 1931 with regard to co-operation between Federal and Provincial Governments in determining principles of road transport.

In its report to the Ministry of Transport in 1932, the Conference on Rail and Road Transport in Great Britain, under the Chairmanship of Sir Arthur Salter, K.C.B., paid this tribute to motor vehicles: "These new vehicles have transformed the economic and social life of the Country. They give facilities of transport never before enjoyed by trade and industry; they have brought into existence new communities attached to the roads, as the railways did last century along their tracks; they have enormously increased the opportunities of the ordinary citizen to see his own Country, and the habit of inland travel, whether by private car, motor cycle or commercial passenger vehicle".

The first principle which should govern the regulation and taxation of motor vehicles, the public interest, is recognized and stressed by the Canadian Royal Commission of 1931-2 in the words "It is essential that the Country should have the free and unhampered use of the cheapest forms of transport and therefore no restrictions which would unfairly prejudice the road user should be imposed".

The Royal Commission further stated "The railways themselves should be empowered to provide and operate services of road vehicles, subject to whatever

restrictions are imposed upon other road transport operators". The road transport field has always been open to the railways and is still open on the equal terms suggested by the Royal Commission. If the railways did not see fit to enter it to any appreciable extent in the early stages and now find themselves handicapped, the handicap is of their own making and of their own choice. If cost of haulage by rail is high as compared with cost of haulage by road we would suggest that the remedy is to be found in the direction of reducing rail costs through modernizing equipment and methods, rather than by increasing road costs through measures of restrictive regulation and stifling taxation. In the one direction lies progress and in the other, retrogression and failure to properly serve the public interest in efficient transport service at reasonable cost.

Our Association offers no objection to the just application of reasonable regulatory measures which do not involve added expense to motor truck owners. A question which might well receive attention is the carrying capacity of motor trucks, as manufactured, from a Safety Standpoint, with a view to determining the maximum safe load limit on roads having regard to braking power and mechanical construction and equipment.

On the whole existing regulations affecting the licensing of motor vehicles engaged in the transport of freight not for gain, are considered adequate to present requirements by our Association. No further burden of taxation should be imposed on any motor truck owners operating their own vehicles in the ordinary course of business.

This was the point of view put forward by our Association when the Commercial Vehicle Act 1936 was under consideration, Part II of which, relating to Private Commercial Vehicles has not been made effective.

As to hours and wages of labor, these questions do not come within the scope of our Association which is not a Trade Association with authority to represent employers on labor questions.

RESOLUTIONS PASSED AT DOMINION-PROVINCIAL CONFERENCE
RELATING TO THE OPERATION OF BUS AND TRUCK LINES

It was resolved to submit eleven recommendations which are set out below, and which refer only to vehicles used for the transportation of passengers and freight for hire which are specifically licensed by the provinces for highway transport - taxi and delivery service vehicles not being included.

(1) That the Minister of Transport arrange to collect information regarding rates prescribed or charged by public carriers of freight and passengers in the various provinces and rates charged by the Railway Companies and communicate such information to the provinces to the end that a fair and equitable basis may be arrived at for the establishing of uniform rates for highway transportation of passengers and freight.

(2) That the principle that carriers of passengers and freight for hire shall be required to carry insurance covering all risks be enforced.

(3) That operators of vehicles for the transportation of passengers and freight for hire be required to keep accounts of their operations and to submit returns to the provincial authority in such form and at such intervals as may be required.

(4) That legislation be enacted by the province limiting the hours of labour of drivers of vehicles used for the transportation of passengers or freight for hire.

(5) That in the interests of public safety a standard of fitness should be required of all vehicles used in the transportation of passengers or freight for hire.

(6) That in the interests of public safety a standard of physical fitness as evidenced by a certificate of a medical practitioner be required of all drivers of vehicles used in the transportation of passengers or freight for hire.

(7) That a license should only be granted for the operation of vehicles for the transportation of passengers or freight for hire where it can be proved to the satisfaction of the licensing authorities that the service proposed is a public necessity and convenience.

(8) That every province establish a fair standard of wages to be paid to the drivers of vehicles used in the transportation of passengers or freight for hire.

(9) That with a view of securing a uniform act for all provinces covering the operation of vehicles used in the transportation of passengers and freight for hire the Department of Transport secure the legislation and regulations now in existence dealing with such vehicles and submit this information to the various provinces.

(10) That valuable services can be rendered to every province in Canada if a permanent Committee consisting of representatives of the Provinces be set up with a Secretary established in the Department of Transport, whose office would collect and distribute data relative to legislation and regulations in effect or contemplated in various jurisdictions.

(11) That the principle of securing basic uniformity and comparability in the matter of road transport statistics be endorsed by this Conference, and that instructions be issued to the Dominion Bureau of Statistics to proceed with the discussion of a detailed plan with the Provincial authorities to the end of meeting what has become both a provincial and national necessity.

